

# DAILY MARKET REVIEW

19 June, Wednesday



2019

## REVIEW OF STOCK MARKETS

Before the opening of trading on Tuesday 18 June some neutral external background formed on the Russian market. On Monday the US indices DJIA and S&P500 rose by 0.1%, on Tuesday the composite index of the Asia-Pacific region MSCI Asia Pacific added 0.3%. Investors remain cautiously optimistic before the Fed's meeting on 18-19 June. The market participants predict that the key rate at this meeting will remain in the range of 2.25-2.5%, but they expect to see in the final statements a confirmation of their expectations that the rate will be lowered already in July. According to the Chicago Stock Exchange, the probability of such a development is estimated by traders at 85%. As Bloomberg writes, according to many experts of the largest banks of Wall Street, the Fed will soften the monetary policy in order to support the American economy against the backdrop of global trade and macroeconomic risks. The next manifestation of such risks was weak statistics: in June, the New York production activity index dropped below zero for the first time in two years, and its rate of decline was a record in the entire history of observations. August Brent futures traded around \$60.6 per barrel, \$1 below our 17 June close. The oil market was pressured, in addition to fears of a slowdown in the global economy and lower demand for fuel, by the media information that the OPEC+ countries are not yet able to agree on a meeting date at which the decision on the future fate of the oil production deal will be discussed.

On Tuesday, buyers dominated the Russian and global stock markets. In the second half of the day, the growth of the MOEX Russia Index and the consolidated MSCI All Country World Index was about a third of a percent. Investors are still supported by hopes to mitigate the monetary policy of the world's major central banks. The head of the European Central Bank, who said that the Eurozone's economy will need new stimulus measures, has made a contribution to these expectations, if the forecasts of its further growth and inflation do not improve. According to him, in this case, the regulator can resort either to lower interest rates or to the purchase of assets. The ECB's concern fairness was confirmed by current statistics: inflation in the Eurozone slowed down to 1.2% in May last year, while the German index of economic confidence fell to the level of November 2018. The statements of Mario Draghi became the basis for a more than a percentage increase in the European Stoxx Europe 600 Index. At the end of the day, investors' sentiment improved significantly after the announcement of the US President that he would hold an "extended meeting" with the head of the PRC at the G-20 summit next week. The growth of the developed countries index MSCI World exceeded 1.2%, the index of emerging markets MSCI EM added more than 1.5%, the MOEX Russia Index closed trading with a percentage increase.

At the end of the trading session, the electric utilities sector index outperformed. The main contribution to the rapid MOEXEU growth in comparison with the MOEX Russia Index was made by shares of Rosseti and FGC UES.

## ELECTRIC POWER INDUSTRY NEWS

### The Ministry of Energy and the Federal Antimonopoly Service formulated positions on how to change the FGC UES's single tariff, says the newspaper

The departments called their solutions to the problem of cross-subsidization in the power grids. They are formulated in response to the idea of Rosseti to transfer 38 billion rubles of loads on large FGC UES's consumers, having increased the tariff for them four times in three years. Instead, the Ministry of Energy proposes to increase the tariff more conservatively - by 50% for seven years, which will reduce the amount of cross-subsidies in the power grids by 22 billion rubles. The FAS expressed a fundamental disagreement with the differentiation of the FGC UES's tariff, considering that the measure would provoke a mass withdrawal of consumers to their own generation, and advising Rosseti to increase efficiency.

Read full text: <http://www.bigpowernews.ru/markets/document88589.phtml>

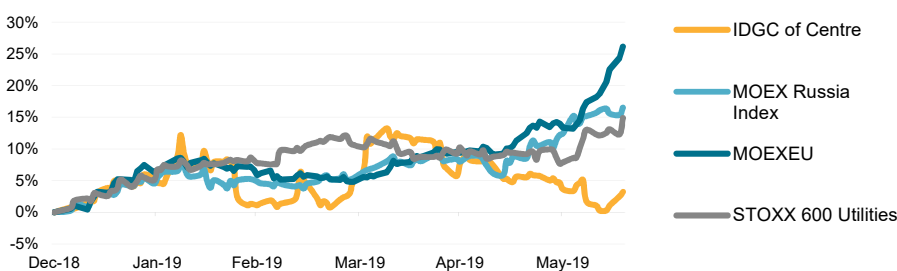
## COMPANY NEWS

### Kostromaenergo for five months spent about 100 million rubles on activities of the repair program

Rosseti Centre - Kostromaenergo summed up the implementation of the repair program for five months of 2019. All activities planned for the reporting period were completed in full and on time.

Read full text: <https://www.mrsk-1.ru/press-center/news/branches/68665/>

## DYNAMICS OF KEY INDEXES AND SHARES OF THE COMPANY



World indexes	Value	Change	
		per day	fr 31.12.18
MOEX Russia	2 761,69	1,00%	16,56%
S&P 500	2 917,75	0,97%	16,39%
FTSE 100	7 443,04	1,17%	10,63%
DAX	12 331,75	2,03%	16,79%
DJStoxx 600	384,78	1,67%	13,96%
Nikkei	20 972,71	-0,72%	4,79%
Sensex	39 046,34	0,22%	8,26%
CSI300	3 667,62	0,35%	21,82%
Bovespa	99 404,39	1,82%	13,10%

Source: Bloomberg, Company calculations

Currency rates	Value	Change	
		per day	fr 31.12.18
USD/RUB	64,32	-0,18%	-7,42%
EURO/RUB	72,11	-0,81%	-9,25%

Source: Bloomberg, Company calculations

Raw	Value	Change	
		per day	fr 31.12.18
Gold, USD/oz	1 346,61	0,52%	5,00%
Brent*, USD/bbl	62,14	1,97%	15,50%

\* - August futures

Source: Bloomberg, Company calculations

Shares	Price**, ₽	MCap**, ₽ bln	Change	
			per day	fr 31.12.18
IDGC of Centre	0,2952	12,46	193,77	
IDGC of Centre & Volga Reg	0,309	34,82	541,42	

Source: Central Bank of Russia, Company calculations

Comparison with indexes	Change	
	per day	fr 31.12.18
STOXX 600 Utilities	2,30%	14,93%
MOEXEU Index	1,42%	26,21%
IDGC of Centre**	0,68%	3,22%
IDGC of Centre and Volga Region**	0,23%	16,60%

Source: Bloomberg, Company calculations

Grid companies	Change**	
	per day	fr 31.12.18
Rosseti, ordinary shares	5,03%	86,98%
FGC UES	2,54%	32,88%
IDGC of Volga	-0,16%	-2,55%
MOESK	-0,12%	23,33%
IDGC of Northern Caucasus	11,42%	141,14%
IDGC of North-West	-0,07%	25,50%
IDGC of Urals	-1,32%	-2,82%
IDGC of Siberia	0,68%	190,63%
IDGC of South	-8,20%	25,34%
Lenenergo, ordinary shares	-0,35%	9,07%
TRK, ordinary shares	0,00%	-4,22%
Kubanenergo	-0,16%	31,97%

Source: MOEX, Company calculations

\*\* - at the price of last transaction at MOEX

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**Tickers**  
Moscow Exchange (MOEX)  
Bloomberg  
Reuters

**MRKC**  
**MRKC:RM**  
**MRKC:MM**